GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:3908
ANSWERED ON:13.12.2002
GLOBALISATION POLICY
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Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) Whether there is any fiscal threat from globalisation policy;

(b) if so, the full details about rhetoric and reality of globalisation process; and

(c) its negative and positive impact on World Trade Organisation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS(SHRI ANANDRAO V. ADSUL)

(a) & (b) : In a true economic sense, ` globalisation` implies growing economic interaction with the world economy in trade, investment, flow of information, knowledge and technology, financial flows, travel, greater mobility of labour etc. Increased interaction with the world economy is expected to be facilitated by overall reduction in the cost of transactions and communication. Globalisation and economic liberalisation enhance competition, increase economic efficiency and augment productivity of the domestic industry. In turn, this leads to enhanced and sustainable growth that is necessary for elimination of poverty. The ongoing reforms in India have a human face and emphasise on adequate safeguards for minimising any adverse effects of globalisation on the domestic economy, particularly on the vulnerable sections of the society. During the post-reform period, gross fiscal deficit as a percentage of GDP has declined from 6.6 percent in 1990-91 to 5.9 percent in 2001-02. Overall poverty ratio has declined from 36 percent in 1993-94 to 26 percent in 1999-2000.

(c): The World Trade Organisation (WTO), which has put in place a multilateral rule-based trading system for world trade, aims to enhance free flow of goods and services between nations, and is one of the important institutions facilitating the process of globalisation.